

**REMARKS****Interview**

Applicant and his attorneys, Steve Balsarotti and J. Philip Polster, thank the Examiner for the courtesy of a telephone interview on December 29, 2011. In the interview, applicant and his attorneys discussed many of the concepts underlying applicant's exchange invention, as illustrated for example in Figures 3 and 14. The principal reference, Durand, WO 02/054196, was also discussed, as was claim 21.

In the interview, applicant and his undersigned attorney explained that the present invention is an electronic exchange, rather than an electronic store. As an exchange, it facilitates the legal transfer of assets and money. Electronic stores may participate in the exchange, but the process described and claimed in the application is an electronic exchange rather than a store.

The exchange of the invention is independent of, and supports, any file type or digital rights management (DRM) system.

In applicant's exchange, a master copy of each item is maintained by the exchange (DCE), along with one or more owners associated with that item. Each legitimate owner of the item gives up his (his, her or its) personal copy of the item and the owner's personal identification becomes digitally associated with the master copy of the item.

The owner can then access, sell, lease, trade, or otherwise dispose of the item.

Upon a sale of the item to a buyer, the owner's personal identification for that item is disassociated from the master copy, and the buyer's personal identification becomes associated with the master copy. The buyer thus obtains the right to access, sell, etc. the item and the seller loses those rights. Because the item exchanged is always the master copy, the buyer is assured of receiving the highest quality copy, and the copyright owner is assured that a copy is taken out of circulation for every copy that is put into circulation, with no net increase in the number of copies in circulation beyond those authorized by the copyright holder. Payment is made through the exchange, permitting compensation to the exchange and the copyright holder as sales are transacted.

Leases, trades, and other activities affecting rights in the item may be carried out in similar fashion.

The claims have been rewritten in accordance with suggestions made by the Examiner during the interview. It is believed that the claims as now written clearly define an invention which is neither shown nor suggested by the prior art, taken individually and in combination.

### **Specification**

The informality on page 15 has been corrected.

### **Claim Rejections – 35 U.S.C. § 112**

The claims have been amended to overcome the claim rejections under 35 U.S.C. § 112.

**Claim Rejections – 35 U.S.C. § 103**

The claims have all been rejected as obvious over Durand, WO 02/054196, in view of Adelsbach et al., US 6,856,977, sometimes in view of various other references.

Durand is directed to a system to be run on behalf of copyright holders to ensure that they receive compensation when a work is first sold. Durand's concern, as is the concern of most of the prior art, is to identify the owner of the copyright in an item, rather than being concerned with the owner of an item itself. Durand interposes a central authority between a purchaser and seller and requires the purchaser ("requester") to pay the central authority, which then issues a voucher (payment ticket) to the purchaser that the purchaser submits to the seller ("responder"). The purchaser is then given information allowing the purchaser to make a copy of the item. It will be seen that this system is entirely unlike that set out in new claims 38-51. The Examiner has indicated that claims written along the lines of claims 38-51 would most likely overcome Durand, but might require further searching. Therefore, applicant is submitting with this response a Request for Continued Examination to afford the Examiner an opportunity to make such a search.

It is believed that the claims as now written define an invention which is neither shown nor suggested by any of the prior art, taken alone or in combination. It is therefore requested that the case be passed to allowance.

Should the Examiner have questions or suggestions, she is requested to call applicant's undersigned attorney.

Respectfully submitted,

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